

Employee voice in MNCs: Do country of origin effects matter?

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Multinationals, representation and voice

- differing preferences of MNCs from different countries-of-origin over representation and voice arrangements
 - union or non-union representation, or none at all
 - indirect or direct channels of consultative voice
- previous studies focus on MNCs based in a handful of countries (US, Germany, Japan, UK)
 - lack of attention to variation between MNCs based in different European countries
- no large-scale study has examined MNCs from a range of countries within a single host environment
- definitions: two dimensions of employee voice

Main analytical themes

- focus on employer voice preferences (neglected hitherto)
- MNCs impact on employment practices → innovators or adaptors?
 - representation, indirect consultative voice constrained to local adaptation
 - direct consultative voice more open to innovation
- country-of-origin influences (and differences)
- intra-model variation
 - demographic factors (e.g. sector, size, vintage)
 - corporate strategy and structure
 - dampen country-of-origin influence?

The UK: an insightful host environment

- large, internationally open economy with ongoing, substantial flows of inwards and outwards FDI
 - inwards FDI employment 19% → 27% (2000-05)
- ‘liberal market economy’, with institutional arrangements permissive of variation in IR (and voice) practice
- UK typifies two main current trends in employee voice arrangements in Anglophone countries
 - marked decline in union presence
 - rise in direct forms of employee voice

UK employee representation and voice developments

WERS2004 → significant recent change (i.e. since 1998)

- further decline in union representation
- growth in non-union and hybrid arrangements
→ ‘growing heterogeneity of representational forms’
- decline in proportion of workplaces covered by joint consultative committees
- surprising given prospective implementation of UK’s ICE Regulations
- increase in already high proportion of workplaces using direct, 2-way forms of EI
- coverage of MNCs’ workplaces by EWCs

Country-of-origin influences

- US-owned: hostility to union representation; no domestic scope for non-union representation; emphasis on direct voice
 - Japanese-owned: representation (either union or non-union); both direct and indirect voice
 - German-owned: union-based representation; emphasis on indirect voice
 - Nordic-owned: union-based representation; direct & indirect voice
 - French-owned: representation (either union or non-union); emphasis on indirect voice
 - UK-owned: representation between US & German models; emphasis on direct voice
- set of propositions

Intra-model variation

- differentiation within 'national business systems' e.g. US
- demographics (sector, size, vintage)
- corporate strategy
 - form of growth
 - diversification
 - management style
- empirical support for IMV from studies in UK
- counterfactual to country of origin proposition(s)

The MNCs' employment practices survey

- 2006 survey in UK operations of 302 MNCs
- covered MNCs with 500+ employees worldwide
 - overseas-owned: 100+ employees in the UK
 - UK-owned: 100+ employees in at least one other country
- 2-stage study
 - telephone screening: N=903, 54% response rate
 - main survey: N=302, 33% response rate
- face-to-face, structured interview with senior HR executive
- employee representation and voice one of four substantive areas in focus
- data on demographic variables, corporate strategy & structure

Research design: strengths

- survey based on comprehensive listing of MNCs population
- larger sample size than most previous MNC surveys
- allows comparisons of practices between MNCs based in eight different countries / areas of the world
 - US, Japan, RoW
 - five within Europe: FR, DE, UK, Nordic, RoE
- parallel surveys in Canada, Ireland, Spain, Mexico bring potential for comparative analysis ...

Patterns of employee representation

- representation arrangements for LOG (%)
 - union only 37
 - non-union only 24
 - hybrid (union & non-union) 11
 - no representation 29
- discernible trend away from union recognition
 - new sites: lower incidence of union recognition
 - little change in recognition status following acquisition
 - non-union structures: 51% established in previous 3 years
 - MNCs as innovators → linked to impact of UK's ICE Regulations?

Direct and indirect consultative voice

Direct voice (two-way mechanisms) (%)

- meetings of senior mgt with whole workforce 76
- meetings with line mgt (briefing groups) 96
- problem-solving (cont. improvement) groups 77
- ***any direct voice*** **99**

Indirect voice (representative based) (%)

- at UK (company) level 73
- at lower level (site, groups of sites) 77
- ***any indirect voice*** **82**

Both direct and indirect voice **81**

Direct and indirect consultative voice [2]

- mgt's relative emphasis on direct / indirect voice channels (%)
 - emphasis on direct 41
 - equivalent emphasis on both 42
 - emphasis on indirect 16
- 'dual track', equivalent emphasis on direct and indirect channels is as widespread as emphasis on direct only

Substantial recent change

- 38% of MNCs with indirect structures introduced new arrangements in previous 3 years (3/4 covering all sites)
- significant response to ICE Regs → legislatively induced innovation

European Works Councils

- 28% of MNC UK operations covered by an EWC
- 'vertical coverage' of European and national consultative structures in 25%
- but no UK consultative arrangements in 1 in 10 cases covered by EWC

Regression analysis – method

- logistic regression
 - pattern of employee representation: multinomial
 - mgt policy towards consultative voice: ordered
- two-step process
 - country-of-origin variables only
 - add demographic and corporate strategy variables

Patterns of representation – regression results

- country of origin
 - US reference
 - France: > union-only, > non-union only
 - Germany: > union-only
 - Japan, Nordic: no significant difference
 - UK: > union only, > hybrid
- sector
 - service reference
 - manufacturing: > union only, > non-union only, > hybrid
- corporate strategy
 - few significant differences
 - acquisition: > hybrid

Policy on voice channels – regression results

- country of origin
 - US reference
 - Japan, RoE: > indirect
 - no other significant influences
- sector
 - service reference
 - manufacturing: > indirect
- corporate strategy
 - acquisition: > direct
 - diversified: > indirect

Regression results – punch lines

- country-of-origin influences mixed: some as expected, others not
- less marked for mgt policy towards voice than employee representation
- inclusion of demographic and corporate strategy variables significant, improved explanatory power and proportion of variation explained
- sector and method of growth significant influences
- support for intra-model variation; but doesn't eliminate, country-of-origin influences

The 'so what?' question

- country-of-origin influences not as sharp as anticipated, although distinct intra-European differences
- intra-model variation → 'converging divergences'; but doesn't 'wash out' country-of-origin influences
- employer choice: employee representation and indirect voice not necessarily constrained to adapt
→ significant recent change in both representation and indirect consultation arrangements, (partly) legislatively induced
- 'dual track', equivalent emphasis on direct and indirect channels is as widespread as emphasis on direct only → constraint or choice?
- implications for other Anglo-phone countries

Comparative prospective

UK

- 48% of MNCs recognise trade unions
- US-owned: 39% UK-owned: 58%
- 35% of MNCs have non-union structures, 5/10 in previous 3 years

Ireland

- 61% of MNCs recognise trade unions
- US-owned: 41% UK-owned: 80% Irish-owned: 84%
- 32% of MNCs have non-union structures, 6/10 in previous 3 years

Canada

- 49% of MNCs with union certification
- US-owned: 50% UK-owned: 53% Canadian-own: 57%